Richmond House
79 Whitehall
London SW1A 2NS

Dr Chris Streather
Chief Executive
South London Healthcare NHS Trust

16 February 2012

Dear Chris,

Tripartite Formal Agreement (TFA) Escalation meeting – South London Healthcare NHS Trust.

Further to our useful escalation meeting on 31 January 2012, I am writing as agreed to record the main details we discussed. I have at Annex 1, provided an overview of the whole conversation.

As you are aware, the Trust having been red rated for three consecutive months in the TFA monitoring, has triggered the first stage of the agreed Department of Health (DH) escalation process. The aim of the meeting was to discuss the issues behind this rating, get clarity and an agreement on the way forward to progress towards South London Healthcare NHS Trust achieving Foundation Trusts (FT) status.

The key areas of concern were:

- failure to progress according to the milestones in your TFA - e.g. a Local Health Economy (LHE) clear and agreed plan to achieve FT status including key milestones was expected by December 2011;
- delivery of numerous performance targets and within those the direct impact this has on quality of care to patients e.g. access – A&E, and RTT;
- delivery of financial targets; and
- an unclear strategic direction for the Trust within the LHE.

Following detailed discussion which included input from The South East London Cluster and London SHA, we agreed your priorities going forward as:

- delivery today and going forward on performance. Failure to do so would have implications for the Board and the organisation as a whole;
- undertake the significant work needed on year one of your ongoing plan; and

- plan for the medium and longer term to develop a clinically and financially sustainable future with LHE partners using the proposed simulation work to support this.

Following the meeting and further feedback from the SHA on their queries I will discuss next steps with Dame Ruth Carnall of NHS London and David Flory, Senior Responsible Officer for the FT Pipeline to seek their approval. As we discussed at the meeting, this will include updating the TFA to identify that the Trust is clinically or financially unsustainable for the long term in your existing organisational form. There could be several different medium term solutions, including a reform within the Trust or a different form with another organisation. This needs to be properly worked through. It will also detail the work needed within year one of the plan with clear milestones agreed with your Commissioners.

There will be another escalation conversation with Ruth and David in March with an opportunity to finalise the TFA plans at that stage.

I hope this accurately reflects our meeting and if you have any queries please feel free to contact Angela Lamb (angela.lamb@dh.gsi.gov.uk) or me.

With reference to Annex 1, please come back to me if you feel I have misrepresented or omitted anything material from our discussion.

Thank you for a constructive session and for your commitment to the agreed actions, and, the not inconsiderable work that will be needed. I know you and your Board appreciate the scale of the challenge involved, the importance to your patients and the hospital of success and the consequences of non delivery.

Yours sincerely,

MATTHEW KERSHAW
DIRECTOR OF PROVIDER DELIVERY

CC:
John Goulston, NHS London
Dame Ruth Carnall, NHS London
David Flory, DH

Your TFA included a review date of 1 April 2012. It details that at this date there will be an agreed way forward on the organisational form of how South London Healthcare will progress towards FT status.

It also records that you would have agreed with partners a clear plan including key milestones and timelines detailing how you would achieve FT status by 31 December 2011. The plan provided does not, at this stage, set out how the Trust can be clinically and financially sustainable exemplified by the deficit on the base and downside cases.

I explained that the three red ratings in the DH TFA performance management process had triggered this escalation meeting and the purpose of it was to gain an understanding of the issues behind those red ratings, and, to identify a strategy for the future on your viability and performance issues, and, to consider feedback from your most recent Board meeting.

Quality and Performance

You highlighted the need to maintain quality going forward and the work the organisation has done to improve quality measures - e.g. HMSR, HCAI. You also mentioned the improving trajectories on Pressure Areas and VTE, which whilst still needing to improve, are better than the national average.

Your DCE and DoN highlighted that the three-year improvement programme was now coming to fruition with the Care Quality Commission (CQC) regulation visits now concluding with positive feedback.

Your new Chief Operating Officer noted that the operational delivery in the Trust needs some significant work and improvement but when questioned, confirmed he at least had confidence in the quality of the data in the three PTLs.

The Cluster Chief Executive commented positively on the improved outcomes in Maternity but also that there needs to be much more consistency with A&E and 18 weeks. He also told us about the event with partners aimed at identifying a sustainable pattern of health care for the LHE.

Your MD described the work you had completed on pathways in Medicine and how this now needs to be replicated in surgical pathways. He also noted how the closure of the Queen Mary acute services had worked well and how the model of elective/emergency split can work well for patients, protecting elective capacity and access.

You then moved on to talk about key performance issues. And specifically access problems. You described the size of the challenge and the impact on quality of patient care. We all agreed that discussing micromanaging the details of these issues was not the purpose of this meeting but acknowledged your understanding of the imperative to improve and the organisational

commitment that exists regarding future performance going forward. You described how the Board now look at the same data sets that the Executive team use on a weekly basis and these are also shared with the Cluster.

You have increased Physician input at weekends to mitigate the Monday/Tuesday backlog of work. You also noted that whilst many of the problems to resolve are within your internal control, you need support to manage the number of patients coming through the door and the exit routes at the other end of patient pathways with specific reference to post acute care and Social Services. You also mentioned the helpful work currently underway with the Cluster on out of hospital care.

I responded with some concern relating to Winter pressures. Noting that this Winter had so far been relatively benign, I was concerned that your performance was still not delivering at a reasonable base level and I was therefore worried there was something more fundamental going on? Were some clinical and other staff standing back from participation in solutions?

Your reply was to acknowledge that you could better separate elective and emergency pathways and capacity. In 2008/9 there had been a real push to improve A&E and this had engendered staff support and them owning the problems. The general election changes had delayed the Trust's strategic change agenda and this had demotivated staff.

Your DCE/ DoN described good Multi-Disciplinary working in some patient pathways but not others and the need to extend this approach and increase engagement with staff. Work on roles and responsibilities was being undertaken to address this.

Your MD noted that you have made a series of good medical appointments, which is helping to make the necessary cultural change. The small number of doctors resistant to change are being progressively addressed.

My observation was that you have now had three years to work at this as a new Organisation and you still need to make significant progress.

Finance

Your Director of Finance told us that this year there was a better handle on internal costs and expenditure. You planned to link electronic rostering directly to budgets next year. There would also be better overall control and an ability to hold people to account.

There was now an improved understanding of PBR and Non PBR activity in the LHE.

You had a risk against recurrent CIP delivery linked to productivity, and, the linkage to reduced workforce.

You have done a five year LTFM.

I asked whether you were confident in delivering the financial position you had signed up to at the coming year end? Your answer was that it was very challenging and you had concerns about it. You have no contingency plan or monies and there was limited Organisational understanding of the "bigger picture". This was a high risk.

The Cluster commented that you do need to deliver both money and performance as promised, and, the Cluster needs to do the same. LHE relationships with GPs have improved and the Cluster is helping with this.

You replied that you felt previous negative behaviours had reduced, but you recognised that delivery promises will need to be kept and there is a critical need to keep the momentum going in future years. You had received helpful non-recurrent support from the Cluster this year but there was anxiety about CCGs taking over from the Cluster next year.

I asked what your medium term plan was?

You replied that you were planning:

1. £35 million in productivity;
2. £5 million reduction in estate costs; and
3. £21 million re. your PFI costs.

However, this still left a gap in the region of £15 million.

You also stated that whatever the final organisational form was, it cannot be allowed to impact on savings 1. and 2. Recognising that there are a number of potential strategies possible, they cannot be allowed to result in planning blight. There was also the option of potential significant savings from outsourcing but that cannot be progressed until additional internal savings have been made first.

You observed that the fundamental problem is an overprovision of capacity in the LHE. This has to be resolved by a number of providers working together, whilst maintaining quality and access throughout. You believe that the planned simulation exercise is a good way of getting into this. It needs leadership across the whole LHE providers which does not bias outcomes in favour of particular providers and which is affordable to the Commissioners. Capacity needs to be reduced without impacting on patient care.

Next steps

John Goulston stated there were a number of financial queries to resolve with NHS London and a refreshed LTFM produced to establish a starting point for the simulation study.

We discussed the merits of Service Line Reporting and the potential to work with a partner to help you with this. This will be taken forward.

There was a strong message from the Cluster on an expectation of delivery of both performance and finance in the next six months.

You noted that you recognise the need for rigorous milestones agreed with Commissioners and saw an opportunity for collaboration on elective activity that might help the whole of the LHE.

Summary

I noted that both your Board and the Commissioners understand the current plan does not deliver what is required.

You need to concentrate on delivering good performance, whilst working on a longer term plan. Your Board acknowledge the need for change but they also need to understand the potential for organisational change that may be needed to achieve sustainability.

There were three clear goals to achieve:

- delivery today and going forward on performance. Failure to do so may have to result in some changes to personnel;
- undertake the significant work needed on year one of your ongoing plan; and
- plan for the medium and longer term using the LHE simulation work to support this.

Following the meeting and further feedback from the SHA on their queries, I will discuss what we have concluded needs to happen with Dame Ruth Carnall and David Flory to seek their approval. Assuming they are in agreement on the way forward, we will then discuss revising your TFA which would include marking the section of the form identifying the Trust as being financially or clinically unsustainable in your existing organisational form. There could be several different medium term solutions, including a reform within the Trust or a different form with others. This needs to be properly worked through. It will also detail the work needed within year one of the plan with clear milestones agreed with your Commissioners.

There will be another escalation conversation with Dame Ruth Carnall and David Flory in March with an opportunity to finalise the TFA plans at that stage.
I thanked everyone for attending and for their contribution to a helpful and thorough conversation.